R E P O R T R E S U M E S

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SUMMARY OF THE COORDINATING COUNCIL FOR HIGHER EDUCATION'S REPORT ON JUNIOR COLLEGE CAPITAL OUTLAY.

CALIFORNIA ST. COORD. COUNCIL FOR EDUC., SANFRANCISCO C

PUB DATE JAN 67

EDRS PRICE MF-$0.09 HC-$0.52 13P.

DESCRIPTORS- *JUNIOR COLLEGES, *EDUCATIONAL FINANCE, *EDUCATIONAL RESOURCES, *EDUCATIONAL PLANNING, STATE PROGRAMS, STATE FEDERAL AID, *STATE AID, CAPITAL OUTLAY (FOR FIXED ASSETS), SAN FRANCISCO

THE REPORTING COMMITTEE, DIRECTED BY A SENATE CONCURRENT RESOLUTION, HAS INVESTIGATED THE FINANCIAL ROLE OF THE STATE AS IT RELATES TO ASSISTANCE OF JUNIOR COLLEGES IN THE AREA OF CAPITAL CONSTRUCTION. THE CURRENT PROGRAM OF STATE SUPPORT IS REVIEWED, AND A NEW PLAN IS PROPOSED IN WHICH SOME OF THE ELEMENTS OF THE EXISTING PROGRAM ARE TO BE CONTINUED, SOME ARE TO BE DISCONTINUED, SOME ARE TO BE MODIFIED, AND SOME NEW ELEMENTS ARE TO BE ADDED. STEPS IN THE PROPOSED PLAN ARE OUTLINED, PROVIDING FOR LONG-RANGE PLANNING AND REVIEW, PROJECT SUBMISSION PROCEDURES AND REVIEW, AND PLAN SUBMISSION PROCEDURES AND REVIEW. LEGISLATION PURSUANT TO THE RECOMMENDATIONS IN THIS REPORT IS TO BE PREPARED AS SOON AS POSSIBLE. (AL)

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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COORDINATING COUNCIL FOR HIGHER EDUCATION'S

REPORT ON
JUNIOR COLLEGE CAPITAL OUTLAY

UNIVERSITY OF
LOS ANGELES

MAR 07 1967

CLEARINGHOUSE
JUNIOR COLLEGE
INFORMATION

January, 1967

TC 670 168

RESOLUTION OF THE
COORDINATING COUNCIL FOR HIGHER EDUCATION
REGARDING JUNIOR COLLEGES CAPITAL OUTLAY

Adopted Unanimously on January 30, 1967

WHEREAS, Senate Concurrent Resolution No. 14 directed the Coordinating Council for Higher Education to review the current program for providing state assistance to the California Junior Colleges for capital construction purposes, and to make recommendations for any needed changes, and

WHEREAS, Senate Concurrent Resolution No. 14 directed the Council to present a report and proposed legislation to the Legislature not later than January 31, 1967, now therefore be it,

RESOLVED, That the Coordinating Council for Higher Education adopts and transmits to the Legislature the report entitled "Financing California's Public Junior Colleges, Part II: Capital Outlay" (67-3), and be it further

RESOLVED, That the Director of the Council is authorized and directed to have legislation prepared pursuant to the recommendations and proposals contained in the above named report and to transmit such proposed legislation to the Legislature as soon as possible.

SUMMARY OF THE
COORDINATING COUNCIL FOR HIGHER EDUCATION'S
REPORT ON
JUNIOR COLLEGE CAPITAL OUTLAY

In 1961 the Legislature for the first time appropriated five million dollars to the Junior Colleges for construction purposes. Since then seventy-five million dollars have been made available. This brief five-year period of state assistance, however, has been fraught with difficulties, confusion, instability and frustration.

In 1966 the Legislature adopted Senate Concurrent Resolution 14, which found that the current program adopted as recently as 1965, was inadequate and directed the Council to study this matter and present a plan to the Legislature by January 31, 1967. This becomes of even greater concern when the magnitude of the problem is examined. Based for the first time upon refined utilization standards, facilities inventory, enrollment projections, and cost estimates, the total estimated expenditures for the period 1966-80, based on 1966 dollars, is approximately $423 million, or an average annual cost of about $28 million. For the ten-year period, 1966-67 through 1975-76, estimated annual expenditures (1966 dollars) will amount to approximately $24.7 million.

The Current Program of State Support

The Junior College Construction Act of 1965 (Senate Bill 318, 1965 session), as amended, currently provides for state support for Junior College capital outlay.

This program provides for the acquisition and improvement of sites; the planning, construction, reconstruction, or remodeling of classrooms, laboratories, libraries or related facilities necessary for instruction, administration or maintainence; and the initial acquisition of equipment. Funds are not provided for dormitories, student centers (other than cafeterias), stadia, single-purpose auditoriums, or parking.

The extent of state assistance is determined through the following procedure. The Department of Finance makes an annual three-year and four-year enrollment projection for each Junior College district, based upon classes taught between 8 A. M. and 5 P. M. and expressed in terms of weekly student class hours. The projections exclude students not residing in the district, but include students residing in the district but attending another district.

If the projections indicate that the district's weekly student class hours will increase from the third year to the fourth year (enrollment growth), each unit of such growth is multiplied by the cost of providing Junior College facilities for such a unit and the product becomes the cost of providing facilities for the district for that year. This cost is divided into state and district shares on a basis which equalizes district financial ability. The district share is computed by multiplying one-half of the cost of providing the facilities by a factor which indicates the district's financial ability in relation to the state as a whole. The factor used is the quotient obtained by dividing (1) the assessed valuation of the district in the preceding year divided by the estimated weekly student contact hours for the fourth projection year, by (2) the total of the assessed valuation for all Junior College districts in the state in the preceding year, divided by the estimated weekly student contact hours in all Junior College districts of the state for the fourth projection year. The state share is the difference between the district share and the total cost.

If the factor computed above is equal to "one" the state and district share equally; if it is less than "one" the state share will exceed the district share; if the factor is greater than "one" the state share will be less than the district share.

The state share becomes an "entitlement" to the district which may request state funds for eligible capital outlay projects. The cost of the projects is divided between the state and the district in the same ratio as the entitlement, although the state share may not exceed the entitlement.

District requests for state assistance are submitted to the Department of Education and include information which enables the Department to evaluate the project in terms of eligibility and need. Approved projects are forwarded to the Department of Finance for review and possible inclusion in the Governor's budget. The Legislature considers the requests and determines finally the extent of state assistance.

Districts which have become effective after July 1, 1960, must expend, have committed, or plan to commit, not less than one percent of their assessed valuation before they can qualify for any state assistance.

If the federal funds provided for a project and the district funds used to match the federal funds are not sufficient to cover the total cost of the project, the balance may be considered as a separate project and state assistance requested in the usual manner. Federal funds received from the Higher Education Facilities Act are not deducted from the district's entitlement to state funds.

Projects for state funds are submitted in October and the funds are appropriated by the Legislature for those projects the following July. This permits a period of approximately nine months for review and evaluation by the Department of Education, the Department of Finance and the Legislature.

Senate Concurrent Resolution No. 14

In adopting SCR 14 the Legislature found certain provisions of the Act to be inadequate in that it:

1. Fails to coordinate state and federal support programs.

2. Fails to coordinate the state program for Junior College construction with other state programs of aid to education.

3. Contains a method of calculating district entitlement to state support unrelated to the need for a particular construction project in a Junior College district, which hinders the Legislature from making flexible judgments regarding the relative financial needs of the three segments of higher education, and which encourages administrative agencies to calculate Junior College growth and costs of construction in a manner which underestimates the needs.

4. Fails to allow sufficient time for state agencies to review and evaluate these proposals for the Legislature.

5. Fails to combine into one construction program previous legislation on this subject, money from which is still available to some Junior College districts.

Because of these deficiencies the Council was directed to advise on the purposes and objectives of this program and recommend any needed changes. The Council was directed to give consideration to the inadequacies listed above by specifically considering the following and any other relevant factors:

1. State administrative review of projects and proposed financing prior to funding by the Legislature.

2. Utilization of existing and new facilities.

3. Need to develop construction allowances based upon actual project costs.

4. Need for long-range construction planning.

5. Need for equalization of district ability.

6. Assessment of relative district need.

7. Amount of student growth.

8. Existence of inadequate or obsolete facilities.

9. Coordination of state and federal programs of capital outlay support.

10. Need to consider all capital outlay requests, including site acquisition, site development, new construction, initial equipment, renovations, and project planning.

A Proposed New Plan for State Support of Junior College Capital Outlay Expenditures.

The plan outlined below is a substitute for the current program. This plan continues those elements not found deficient, but substantially modifies and/or eliminates those elements deemed inadequate. Additional elements have been added to provide the time and flexibility required for district development and state agency review of construction proposals; and to provide flexibility in district funding of approved projects. The Council has considered all factors it was directed to consider.

Elements to be Continued

Elements of the current program to be continued are:

1. A continuing program of state support.

2. State financial support should be provided for the acquisition and improvement of sites; the planning, construction, reconstruction, or remodeling of classrooms, laboratories, libraries; or related facilities necessary for instruction, administration, or maintenance; and the initial acquisition of equipment. State support should not be provided for dormitories, student centers (other than cafeterias), stadia, single purpose auditoriums, or parking.

3. Provision that one-half of the expenditures for eligible projects will be provided by the state to those districts whose financial ability is at the average for all Junior College districts. Those districts with greater than average financial ability will receive less than one-half of the capital expenditure in state assistance. Conversely, those districts with less than the average financial ability will receive more than one-half of their capital expenditures.

4. Enrollment projections for individual districts should be made by the Department of Finance, except that they should be made immediately for a five-year period, and for a ten-year period as soon as practicable.

Elements to be Discontinued

Elements of the current program to be discontinued are:

1. Provision of an entitlement to state support based on student growth without regard to need as determined by the relationship of plant capacity and student growth.

2. Requirement that a district expend, commit, or dedicate one percent of its assessed valuation prior to the receipt of any state assistance.

Elements to be Modified

Elements of the current program to be substantially modified are:

1. The time between the original application by a district and the inclusion of that project in the Governor's Budget for legislative review is extended to allow adequate time for review and evaluation by state agencies.

2. Submission of requests for state assistance for projects should be made in two phases--the first phase to permit program review within the framework of educational programs and the second phase to permit architectural review and estimation of cost.

3. More explicit utilization and space standards to be used to determine the capacity for specific types of facilities--classrooms, laboratories, offices, libraries, and supporting facilities.

4. Need for facilities should be related to the number of students expected to be in attendance in the district from 8 A. M. to 5 P. M., rather than to the number of students residing in the district and in attendance at other Junior Colleges.

5. The relationship of federal, state and local funds should be modified so that any federal funds received by the district for the construction of a specific project are deducted from the cost of that project prior to the establishment of the funding required by the state and local district.

6. As required data becomes available, the relative district ability, as defined in the current programs should be modified by a factor that recognizes the relationship of the ratio of a district's Junior College population and a district's total population to the ratio of the state's Junior College population and the state's total population.

New Elements

New elements of the proposed plan are:

1. Each district should develop a continuing ten-year capital construction plan and it should be reviewed annually by the Department of Education.

2. A provision that permits each Junior College governing board to levy a district tax sufficient to provide the district share of a project approved by the Legislature.

3. Provision for funding of projects in phases, i.e. preliminary planning, working drawings, construction and equipment, over as many years as required to complete the project.

S. C. R. 14 found that the current program fails to "allow sufficient time for state agencies to review and evaluate, for the benefit of the Legislature, Junior College contruction proposals." To remedy this and provide for adequate review and evaluation, the timing for the proposed plan is such that implementation would begin in November, 1967, but not be fully completed until July 1, 1969.

Timing of the proposed plan requires the current program--the Junior College Construction Act of 1965 (Senate Bill 318, 1965 session) as amended--to be continued until July 1, 1968. Extension of the current program will allow for a phasing in of the proposed plan without interruption of state assistance for Junior College capital construction. The 1967 and 1968 sessions of the Legislature will consider projects under the current program, and the 1969 session will consider projects under the proposed plan.

The Steps in the Proposed Plan

The plan is described below in terms of the annual cycle of important procedural steps.

STEP I. Long Range Planning--Each district should be required to develop a continuing ten-year plan for capital construction and submit this plan to the Department of Education by November 1, 1967 (and by September 1 of each year thereafter). The plan should, at a minimum, be based upon the following factors:

1. A district academic master plan.

2. Enrollment projections for the district provided by the Department of Finance. Enrollments should be expressed in terms of Weekly Student Contact Hours (WSCH) based on 8 A. M. to 5 P. M. classes and include both in-district and out-of-district students.[1]

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[1]Continuation of a "seat fee" for students from non-district territory and an inter-district tuition for students from other Junior College districts will reimburse districts for capital expenditures for such students made from district funds.

3. The district's capacity as determined by the space and utilization standards for classrooms, laboratories, offices, libraries, and supporting facilities, adopted by the State Board of Education. (Upon recommendation of the Council, the State Board of Education has adopted utilization standards for classrooms, laboratories and office space similar to the other segments of higher education. In March 1967, the Council will recommend library standards and it is hoped the State Board will also adopt those standards. It is expected that these standards will be used in the implementation of the proposed plan. Standards for supporting facilities should be developed by the Department of Education and adopted by the State Board as soon as possible.)

4. An annual inventory of all district facilities using standard definitions, forms and instructions as adopted by the State Board. (In order to provide a uniformity of information between all segments, and since the State Board has already endorsed the definitions, forms and instructions prescribed in the Coordinating Council's Cost and Statistical document "Instructions for Forms P-1 and P-2," it is expected that these will be used in the implementation of the proposed plan.)

STEP II. Review of Long-Range Plans--Requires the Department of Education to review and evaluate annually each district's capital construction plan and report to the district on the result of such review not later than March 1, 1968 (and by December 1, 1968, and each December 1 thereafter).

STEP III. District Submission of a Project--Requires districts to submit to the Department of Education a detailed project program for each project for which they desire state approval, not later than January 1, 1968, and each year thereafter. The detailed project program should contain all necessary specifications for a review of the project within the framework of the educational program and must be a part of, and justified by, the district capital construction plan.

STEP IV. Department of Education Review--Requires the Department to determine if each project comes within the district's capital construction plan, if the need for the project is established in terms of capacity standards and projected enrollment, and is an eligible project. The Department's review should give consideration to the timing of the construction of the project and the appropriate lead time. Once these have been determined, the size of the facility may be determined by evaluating the "program inputs" and translating them into assignable square feet. Review should be completed by April 1, 1968, and each year thereafter. Appeal from a decision of the Department may be made by the governing board of the applicant district to the State Board of Education. Approved proposals should be forwarded to the Department of Finance for review.

STEP V. Department of Finance Review--Requires the Department to review proposals forwarded by the Department of Education. Such review should determine that projects are needed and justified, appropriately sized and timed. No later than July 1, 1968 (and each year thereafter), the Department of Finance should give written approval to a district to prepare preliminary plans and submit them to the Department of Education.

STEP VI. Preparation by the District of Preliminary Plans--The district should prepare preliminary plans which contain the architect's schematic drawings and all other data required to establish detailed cost estimates. They should be submitted to the Department of Education by October 1, 1968, and each year thereafter.

STEP VII. Department of Education Review of Preliminary Plans--Requires the Department to review the preliminary plans. This review should be divided into a number of sub-steps.

A. An architectural review should be made to determine the costs of the various phases of the project as determined by the time schedule for completion.

B. Any federal funds received for the construction of the project should be subtracted from the total cost of the project and the remaining amount divided between the state and the district in accordance with sub-step three.

(To provide information to the Department of Education so that this sub-step can be accomplished and to coordinate federal and state programs as much as possible, the Council staff will recommend that the State Plan for administering the Higher Education Facilities Act be revised so that the final date for Junior Colleges to submit applications be changed from December 15 to August 15. This will permit Council review and approval of projects at the October Council meeting.)

C. Division of the state and district share of the total estimated cost of the project should be made on an equalizing basis wherein the district financial ability, as measured by the district's most recent assessed valuation per WSCH, as compared with the state financial ability as measured by the sum of all district assessed valuations per WSCH on a statewide basis. If this comparison yields a ratio of one to one, the district and state would share the expenditure equally. If the district ability is less than the state's, the district would be required to provide less than the state, and if the district ability is greater the reverse would be true. As soon as appropriate population data can be developed by the Department of Finance, the equalizing factor described above should be modified to reflect a comparison of the district's student population per total population and the state's student population per total population.

D. State funds to be appropriated for the project at the next legislative session and those funds to be provided by the district should be established.

STEP VIII. Department of Finance Review of Preliminary Plans--Entails review of the preliminary plans together with a review of the estimated state-district funding proposed by the Department of Education. Following such review and approval the projects should be included within the Governor's Budget.

STEP IX. Review by the Legislature--The Legislature should review those projects included in the Governor's Budget and the amount of state-district funding proposed by the Departments of Education and Finance. In approving the Budget, the Legislature will make state funds available for those projects beginning with July 1, 1969, and each year thereafter.

STEP X. Provision for Obtaining District Funds--This final and highly important step provides that authorization be given Junior College boards to levy a district tax sufficient to cover the annual district share of the cost of a project without requiring a vote of the district electorate when such funds are not otherwise available. The tax to be levied should be limited to the district share of the cost of a project approved through the above procedure, which has sufficient safeguards, as to both the desirability and need for a construction project (at the district and state level), to justify this new financial flexibility to a local governing board.